

Virgin Media response to the Commission's consultation "Transforming the digital dividend opportunity into social benefits and economic growth in Europe" published 10 July 2009

Introduction

Virgin Media is one of the UK's leading digital investors with its optical fibre-based network reaching almost 12.5 million homes across the UK. This network is the result of a £13 billion commercial investment, made with the explicit purpose of providing a future-proofed digital platform for successive generations of new retail services including digital TV and the UK's first 50Mb broadband service using DOCSIS 3.0 technology. Today, Virgin Media continues to invest in extending the capabilities of its network infrastructure and in the development of innovative and value-added services for its customers.

As such, Virgin Media is a key player in the UK's digital broadcasting and broadband future and acknowledges that the release of the digital dividend will create huge opportunities for more innovation and competition in the wireless communications sector, including the deployment of new generations of mobile broadband technology, and the expansion of digital terrestrial television and mobile TV.

Contact data is included at the end of this submission and further information on Virgin Media can be found at www.virginmedia.co.uk

Summary of Virgin Media's views

Virgin Media recognises the benefits that will arise for citizens and consumers if the digital dividend is used wisely and in a timely manner across Europe but, in the light of tests carried out by ourselves and some cable operators in other European countries, we are concerned that proposals for the introduction of new LTE based services to utilise the digital dividend spectrum (the 790-862MHz band) could result in significant interference to the services currently provided to our own TV and high speed data customers as well as to TV viewers and broadband users more widely thereby undermining some of the benefits to the digital economy that the use of the digital dividend would otherwise be expected to bring.

The potential for interference was initially highlighted earlier this year when some European cable operators commissioned tests to assess whether their current use of spectrum up to 860MHz would co-exist with new wireless services. These tests indicated that new LTE services could cause interference with the services currently provided to both TV viewers and high-speed data users on cable networks but also raised concerns that other customer equipment could be affected. In essence, it is the customer equipment that appears to be most at risk of interference, not the networks.

Similar conclusions appeared in a report by the UK regulator, Ofcom,¹ which was submitted to CEPT SE42. That report concluded that a separation distance of between 22 and 40 meters radius could be required to prevent interference to viewers, although this may not allow for higher power base station transmitters.

We have been working closely with our trade association, Cable Europe, in

¹ *Impact of interference from ECN terminal stations operating in the band 790 – 862 MHz on digital TV receivers operating below 790 MHz*

carrying out further tests which are aimed at assessing potential interference to a wide range of customer equipment and in-home networks, not just those used by cable customers. Once available (later in September), we are willing to share these with interested parties.

Since the reallocation of spectrum will involve companies making significant investments at auction and then in the roll out of new networks, we believe that the companies making such investments should be fully aware prior to bidding for the spectrum, of any potential interference that they could generate and any obligations that they may incur to resolve such interference such as for example the requirement to use lower power base stations or to compensate existing users.

Hence, Virgin Media would urge the Commission to require full impact assessments of the potential for interference with existing customer equipment as part of its EU Roadmap initiative. In this respect, we do not believe that this interference applies only to equipment used by cable customers. Based on test results to date, we believe that it could affect television viewers and broadband users more widely.

In summary, we recognise the value of releasing the digital dividend spectrum and the policy objectives that the release supports but we believe that decisions on the timing and manner of its release must be taken in the light of the wider implications for existing television viewers and Internet users, irrespective of platform. It would be extremely problematic for the digital economy if the benefits of mobile broadband arising out of LTE use of the digital dividend spectrum came at a cost to existing broadband and television users.

Comments on the consultation document

1 A UNIQUE OPPORTUNITY TO CONTRIBUTE TO ECONOMIC RECOVERY

As mentioned above, Virgin Media recognises that the digital dividend is a unique opportunity for Europe provided that new uses of that digital dividend do not bring about problems for existing broadband and television users that could undermine existing services.

Virgin Media believes that major challenges could face the digital sector as a whole unless sufficient time is allowed for the potential interference issues to be resolved and therefore Virgin Media's view is that early release (by and of itself) should not be the primary objective. Rather an efficiently timed release after an adequate assessment of the potential effects of interference should be the objective and therefore it is important that both the guidelines for spectrum auctions and the conditions attached to use of the awarded spectrum allow for the timely and efficient resolution of interference problems. The Commission should therefore encourage Member States in this area to ensure that these are appropriate.

One of the ways in which new users could use the spectrum and deliver benefits to the digital economy whilst providing extra time for resolution of the interference issues would be to mandate through licence conditions that rural rollout to be prioritised over dense urban rollout. This would help to deliver broadband to rural areas whilst giving extra time to resolve the interference issues in dense urban areas. Virgin Media believes that in the absence of a rollout obligation of this nature, new user's commercial incentives would be to

target dense urban areas initially therefore exacerbating the impact of the interference issues.

2 WHAT HAS BEEN ACHIEVED SO FAR?

Extensive consultations with main interested constituencies

Although the Commission has consulted on this issue, we would question whether the interests of the major stakeholder, "the television viewer" and existing cable broadband users have been addressed.

We believe that more work is required to understand the extent of interference that viewers and broadband users may experience (and when) and also review how any costs involved in changing their existing equipment would be covered.

The Commission should satisfy itself, before its final decision, that the current programme to deliver the digital dividend policy does not disadvantage many millions of households.

Technical preparation under the auspices of the CEPT

Normally, we would expect full impact assessments to be carried out on the economic effects of sharing or allocating spectrum. This does not appear to have happened in this case.

In this case, we do not believe that the CEPT has completed its mandate and fully addressed the interference that could be generated by new mobile systems (LTE) to viewers receiving their TV signals via domestic installations, communal aerial systems and cable customer equipment.

Whilst there have been a number of reports on the advantages to the European economy from these new mobile services, we do not believe that the costs to the economy and citizens' of implementing these proposals have been properly considered.

It should be of concern to all stakeholders, not least the potential LTE service providers, to understand the extent of their obligations to bear costs of resolving any interference problems arising from the use of the 790-862MHz band, particularly if the "polluter pays" principle were applied.

3 A COMMON WAY FORWARD: TOWARDS AN EU ROADMAP

Benefits of a common way forward on the digital dividend

We agree that a roadmap for a common way forward is required and that this should include methods for resolving the potential interference issue, which should be applied as consistently as possible across all Member States.

We believe that the Commission should ensure that the costs to viewers and industry are properly understood and appropriate compensation schemes will be put in place if required.

4 PROPOSED ELEMENTS FOR A ROADMAP

In relation to the proposals for setting standards for the ability of digital TV receivers to resist interference (paragraph 4.1.b of the consultation document),

we agree that a close cooperation of Member States within CENELEC will be required. Additionally, we believe that ETSI must be involved equally in the process.

We understand the view that the potential interference issue is likely to be addressed by revisions to EMC specifications. However, it should be recognised that existing customer equipment conforms to existing EMC standards and this equipment will continue in use for some time ahead.

Therefore, the Commission's roadmap must allow sufficient time for new specifications to be agreed and new equipment, compliant with new standards, to be in place.

We agree that the digital dividend issue is a "dynamic" process and that developments in technology, services, market demand and societal requirements will require that the actions established under the roadmap evolve in parallel.

We agree also the list of factors of uncertainty identified in the consultation document, notably the emergence of unforeseen additional broadband uses that would require access to more spectrum below 1 GHz. To provide expansion capability for new broadband services, we have already started to consider whether we could use frequencies above 860MHz (i.e. up to 1GHz).

As already stated, the proposed approach should take account of the outcome of a full impact assessment of any changes proposed in spectrum use in order not to disadvantage television viewers and other stakeholders.

5 URGENT ACTIONS

We do not wish to inhibit the timely and effective release of the digital dividend spectrum but we would caution against an acceleration of the re-use of spectrum for LTE until a full impact assessment is carried out. Timely completion must be interpreted as getting the conditions right for the delivery of services that will satisfy consumer demands and will not significantly affect existing users.

Virgin Media Limited
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